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TRANSCRIPT OF  
MEETING  
of  
STATE LANDS COMMISSION

LOS ANGELES, CALIFORNIA

November 18, 1965

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PARTICIPANTS:

THE STATE LANDS COMMISSION:

Hon. Alan Cranston, Controller, Chairman

Hon. Glenn M. Anderson, Lieutenant Governor

Hon. Hale Champion, Director of Finance, absent --  
represented by Mr. John P. Sheehan,  
Chief Deputy Director of Finance

Mr. F. J. Hortig, Executive Officer

APPEARANCE:

Mr. Harold A. Lingle  
Chief Deputy City Attorney of the  
City of Long Beach

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I N D E X

(In accordance with Calendar Summary)

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
1 Call to order			
2 Confirmation of minutes of July 20 and August 26, 1965			1
3 PERMITS, EASEMENTS, RIGHTS- OF-WAY, NO FEE:			
(a) Fairfield-Suisun Sewer District	8	1	1
(b) City of Oxnard	20	3	1
(c) County of Sacramento	27	4	1
(d) State Dept. of Public Wks. Division of Highways	26	5	1
4 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE:			
(a) Val Logan	25	6	2
(b) A. L. Waltz	24	7	2
(c) Sam Martini dba Caliente Yacht Club	19	8	2
(d) Pacific Gas & Elec. Co.	21	9	2
(e) Pacific Gas & Elec. Co.	22	10	2
(f) Jack Hunt West, Jr,	13	11	3
(g) Gerard C & Mary V. Wagner	15	14	3
(h) Signal Oil & Gas Co., Pauley Petroleum, Inc. and Edwin W. Pauley	16	16	3
(i) Huntington State Company	11	18	3
(j) H. R. Hamilton, et al	12	19	3

continued

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I N D E X  
(In accordance with Calendar Summary)

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
4 PERMITS, EASEMENTS, LEASES, RIGHTS-OF-WAY, FEE cont'd:						
(k) Humble Oil & Refining Co. and Texaco Inc.	17	20				4
(l) Richfield Oil Corp.	3	21				4
(m) Texaco Inc.	4	22				4
						MOTION ON CLASSIFICATION 4.....12
5 CITY OF LONG BEACH						
(a) Pier E, Berths 118-119 etc.	1	24				12
(b) Replacement 12" water line Windham Ave.& Harbor Scenic Drive	2	26				12
(c) \$486,00 -Naples area bulkheads	6	28				12
(d) \$60,000 Girl Scout Marine Landing	5	30				12
(also see SUPPLEMENTAL ITEMS)						
6 LAND SALES:						
(a) 160 acres San Bernardino County to Fisher & Bodo	23	33				13
(b) 80 acres Mendocino County to Harwood Investment Co.	18	35				13
7 OIL & GAS LEASE OFFERS:						
(a) Notice of intention to offer leases in T & S lands surrounding San Miguel, Santa Rosa and Santa Cruz Islands	14	36				13
(b) Award of Parcel 26A to Standard Oil Co. of Calif. continued	10	37				14

I N D E X  
(In accordance with Calendar Summary)

<u>ITEM CLASSIFICATION</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>
8 ADMINISTRATION			
(a) Interagency agreement with Dept of Gen. Services, Architecture & Construction	28	38	14
9 CONFIRMATION OF TRANSACTIONS OF EXECUTIVE OFFICER:			
Bechtel Corp.	7	39	15
10 INFORMATIVE - Litigation	29	40	15
11 NEXT MEETING			27
<u>SUPPLEMENTAL ITEMS:</u>			
12 4th, 5th, 6th, 7th Modifications 13 of 1965 Plan of Development 14 Long Beach Unit, Wilmington Oil Field	32	42	15
15 13 Alamitos Bay Recreational 16 Facilities - Proposal of City of Long Beach	30	43	20
17 14 Proposal City Long Beach construction Belmont Pier	33	48	23
18 15 Boundary agreement - 19 Robert & Melinda Chesney, San Bernardino County	9	51	24
20 16 Proposed oil and gas lease, 21 Parcel 30 Ventura County	31	56	26
22 17 Sequoia Refining Corp. - 23 lease T & S lands San Pablo Bay, Contra Costa County	34	58	26

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I N D E X  
(In accordance with Calendar Items)

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<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>	<u>ITEM ON</u>	<u>PAGE OF</u>	<u>PAGE OF</u>
<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>	<u>CALENDAR</u>	<u>CALENDAR</u>	<u>TRANSCRIPT</u>

1	24	12	22	10	2
2	26	12	23	33	13
3	21	4	24	7	2
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5	30	12	26	5	1
6	28	12	27	4	1
7	39	15	28	38	14
8	1	1	29	40	15
9	51	24 (SUPP.)	<u>SUPPLEMENTAL</u> (IN ADD'N TO 9)		
10	37	14	30	43	20
11	18	3	31	56	26
12	19	3	32	42	15
13	11	3	33	48	23
14	36	13	34	58	26
15	14	3			
16	16	3			
17	20	4	NEXT MEETING		27
18	35	13			
19	8	2			
20	3	1			
21	9	2			

1 NOVEMBER 18, 1965 - 10:15 a.m.

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MR. CRANSTON: The meeting will please come to order.

4

5

First item is confirmation of minutes of meetings of July 20 and of August 26, 1965.

6

7

GOV. ANDERSON: So move.

8

MR. SHEEHAN: Second.

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MR. CRANSTON: Item 3 -- Permits, easements, and rights-of-way to be granted to public and other agencies at no fee, pursuant to statutes.

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(a) Fairfield-Suisun Sewer District -- Permit to dredge approximately 9,000 cubic yards material, without payment of royalty, from 7.8 acres tide and submerged lands in Suisun Slough, Solano County.

(b) City of Oxnard -- Acceptance of quitclaim deed for leasehold interest in Lease P.R.C. 432.9, covering outfall easement into Pacific Ocean near Hueneme, Ventura County.

(c) County of Sacramento -- 49-year easement, 4.132 acres tide and submerged lands of Sacramento River, Yolo and Sacramento counties, for maintenance of existing bridge.

(d) State Department of Public Works, Division of Highways -- Reservation for right-of-way purposes, 3.857 acres sovereign lands of American River, Sacramento County.

GOV. ANDERSON: I move.

1 MR. SHEEHAN: Second.

2 MR. CRANSTON: Approval moved, seconded, and made  
3 unaniously.

4 Classification 4 -- Permits, easements, leases, and  
5 rights-of-way issued pursuant to statutes and established  
6 rental policies of the Commission:

7 (a) Val Logan -- Five-year recreational minor-  
8 structure permit, 0.073 acre tide and submerged lands, Piper  
9 Slough, Contra Costa County, for floating boat shed and  
10 walkway. Total rental, \$25.

11 (b) A. L. Waltz -- Five-year recreational minor-  
12 structure permit, 0.077 acre tide and submerged lands, Piper  
13 Slough, Contra Costa County, for floating boat shed and walk-  
14 way. Total rental, \$25.

15 (c) Sam Martini, d.b.a. Caliente Yacht Club --  
16 15-year lease, 0.548 acres tide and submerged lands, Taylor  
17 Slough, Contra Costa County, for construction of thirty-one  
18 small-boat berths. Annual rental, \$325.

19 (d) Pacific Gas and Electric Company -- 15-year  
20 lease, 0.27 acre submerged lands of Sacramento River, Butte  
21 and Glenn counties, for two 12-3/4" diameter gas lines.  
22 Total rental, \$160.80.

23 (e) Pacific Gas and Electric Company -- 49-year  
24 easement, 0.224 acre tide and submerged lands of Alameda  
25 Creek, Alameda County. Relocation as emergency action nec-  
26 essary for maintenance of tidegate structure -- requested by

1 Alameda County Flood Control and Water Conservation District.  
2 Consideration is a quitclaim deed to original site covered by  
3 a perpetual easement.

4 (f) Jack Hunt West, Jr. -- Permit to dredge approxi-  
5 mately 584,000 cubic yards material from bed of Novato Creek,  
6 Marin County. Royalty rate of \$0.05 per cubic yard to apply  
7 to that material (approximately 252,000 cubic yards) which is  
8 deposited upon private property. Balance of material to be  
9 deposited on State property.

10 (g) Gerard C. and Mary V. Wagner -- Issuance of quit-  
11 claim deed of State's right, title and interest to all deposits  
12 of minerals including oil and gas in Lot 105, Grandview Ter-  
13 race, Highland Park, Los Angeles County; consideration, \$10.

14 (h) Signal Oil and Gas Company, Pauley Petroleum,  
15 Inc., and Edwin W. Pauley -- Approval of assignment to Union  
16 Oil Company of California of portion of lands covered by Oil  
17 and Gas Lease P.R.C. 3177.1, Orange County. Assignors retain  
18 a production payment in the assigned lands.

19 (i) Huntington State Company -- Approval of assign-  
20 ment to H. R. Hamilton, et al of an interest in Oil and Gas  
21 Lease P.R.C. 91.1, Orange County, pursuant to a plan of volun-  
22 tary dissolution by Huntington State Company.

23 (j) H. R. Hamilton, et al. -- Approval of assignment  
24 to Signal Oil and Gas Company of interests in Oil and Gas Lease  
25 P.R.C. 91.1, Orange County; assignors retain a production pay-  
26 ment in the assigned lands.

1 (k) Humble Oil and Refining Company and Texaco Inc. --  
 2 Deferment of drilling requirements, Oil and Gas Lease P.R.C.  
 3 186.1, Orange County, through June 30, 1966. Additional  
 4 development drilling should be compatible with operations  
 5 under the adjacent Long Beach Unit.

6 (l) Richfield Oil Corporation -- Deferment of  
 7 drilling requirements, Oil and Gas Lease P.R.C. 1466.1, Ventura  
 8 County, through June 30, 1966. More time is needed to evalu-  
 9 ate results of \$61,000 water-flood operations.

10 (m) Texaco Inc. -- Deferment of drilling require-  
 11 ments, Oil and Gas Lease P.R.C. 2206.1, Santa Barbara County,  
 12 through June 13, 1966. More time is needed to evaluate com-  
 13 plex seismic data to determine positioning of next explora-  
 14 tory well.

15 GOV. ANDERSON: Frank, just a little information on  
 16 that item of deferment, item (l). That deferment has been  
 17 going on since October 1960?

18 MR. HORTIG: That is correct.

19 GOV. ANDERSON: What is our policy on that? Isn't  
 20 that an awfully long time to let something drag out?

21 MR. HORTIG: It isn't a case of dragging out,  
 22 Governor. It is the time that has been utilized to evaluate,  
 23 up to the time of the initiation of this water-flood opera-  
 24 tion, all the additional geological and seismic data in order  
 25 to determine if there was an effective location under the  
 26 lease to which it would be economically feasible to drill a

1 well. Not up to that time having such an evaluation, con-  
2 currently Richfield also started a pilot water-flooding  
3 operation within the limits of the lease and within the lim-  
4 its of the established production; and in order to determine  
5 where any additional wells should be drilled, it is now nec-  
6 essary to let the water operation go forward and give us a  
7 series of pressure measurements throughout the reservoir to  
8 indicate where it might be economic to drill additional  
9 wells.

10 GOV. ANDERSON: What do they have there now?

11 MR. HORTIG: They have an island....

12 GOV. ANDERSON: Do they have a derrick?

13 MR. HORTIG: This is the island that is surrounded  
14 by concrete petrapods about a quarter mile offshore in the  
15 Rincon Oil Field. It has a few palm trees up there and  
16 there is a service derrick.

17 GOV. ANDERSON: I see a derrick up there. Are they  
18 using that?

19 MR. HORTIG: Yes, in connection with the evaluation  
20 of further drilling and anticipation of the drilling of the  
21 additional wells, if the water-flooding operation should  
22 indicate they can drill additional wells.

23 GOV. ANDERSON: But they have been using it since  
24 1960.

25 MR. HORTIG: They have been using it since about  
26 1955.

1 GOV. ANDERSON: I am a little confused. We have  
2 delayed their drilling requirements since 1960. Have they  
3 been using it for drilling?

4 MR. HORTIG: They have been using it for servicing,  
5 as well as for drilling and perforating water injection wells  
6 for this pilot water operation.

7 I think the answer to your question, Governor, is  
8 that if the continuation of this water-flood operation during  
9 this period indicates that there are no other economic loca-  
10 tions for drilling additional wells, the drilling derrick  
11 will be taken down and there will be only a servicing derrick  
12 for so much of the operation on which it is necessary to con-  
13 tinue maintenance on the existing wells, and the probability  
14 is that the area for which the deferment of drilling require-  
15 ments has been requested will be quitclaimed.

16 GOV. ANDERSON: That's what I wanted to know. I  
17 don't want a derrick to sit there. In other words, we are in  
18 the sixth year. How long are we going to have that derrick  
19 there?

20 MR. HORTIG: The service derrick, of course, can be  
21 laid down flat and put up when necessary; but it has been up  
22 continuously since 1960 because it was actually used for  
23 drilling wells -servicing wells, and drilling the water wells  
24 and perforating the water wells.

25 Actually, during this period of time the derrick  
26 that was there was a shorter service derrick and not a full

1 size derrick.

2 GOV. ANDERSON: I don't like the idea - - maybe it  
3 is impractical but I do not like the idea of a derrick sitting  
4 up there just for servicing purposes and I had hoped after  
5 they drilled these things the derricks would be taken down  
6 and put up only for service. There has been no drilling since  
7 1960. We are in our sixth year ...

8 MR. HORTIG: No, there has been exploratory drilling  
9 and there has been drilling for establishing these water in-  
10 jection wells which were necessary for the water-flood opera-  
11 tion.

12 GOV. ANDERSON: This same policy could be adopted  
13 by anybody doing drilling operations out in the water. In  
14 other words, the derricks can stay up continuously. I  
15 thought after they got the wells drilled and in operation the  
16 derricks would come out. and if they needed them for servic-  
17 ing they would go up.

18 MR. HORTIG: This is all correct.

19 GOV. ANDERSON: If this is going to be another  
20 four years ....

21 MR. HORTIG: No, because, as I say, the evaluation  
22 of this water operation in this next six-month deferment will  
23 determine whether or not there will be any additional wells  
24 drilled. If there are not, there is no longer the need for  
25 a drilling derrick on that island and there will be installa-  
26 tion of a service derrick as and when needed for servicing.

1 You have to recognize, of course, that with up-  
 2 wards of fifty wells on the island, it is impossible to pre-  
 3 dict the frequency and the continuity with which a service  
 4 derrick may be needed. So it may be standing there for a  
 5 considerable period of time, as it is moved from one well to  
 6 another where needed for servicing.

7 The operators would be very happy if the wells  
 8 would not require servicing and would continue to operate  
 9 without maintenance work.

10 GOV. ANDERSON: Then I think we should be given  
 11 the true story when they drill that the derrick isn't going  
 12 to come down. What I hoped was that once the drilling had  
 13 taken place to have some beauty'ck would be taken down and we are going  
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 15 now is true, the derricks never if what you are telling us  
 16 over to the next well for servicing. They just go  
 17 the people know that once the derricks go up, just go  
 18 come down.

19 MR. HORTIG: There is the distinction that the ser-  
 20 vicing derrick is a much shorter derrick than the operating  
 21 derrick.

22 GOV. ANDERSON: I haven't seen any difference.

23 MR. HORTIG: No, because, as I said, they had to  
 24 drill for these water injection wells and re-perforate.

25 GOV. ANDERSON: I'd like to see the derricks away.  
 26 I just hate to see a lot of derricks going up and staying

1           You have to recognize, of course, that with up-  
2 wards of fifty wells on the island, it is impossible to pre-  
3 dict the frequency and the continuity with which a service  
4 derrick may be needed. So it may be standing there for a  
5 considerable period of time, as it is moved from one well to  
6 another where needed for servicing.

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8 would not require servicing and would continue to operate  
9 without maintenance work.

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11 the true story when they drill that the derrick isn't going  
12 to come down. What I hoped was that once the drilling had  
13 taken place the derrick would be taken down and we are going  
14 to have some beauty out there. If what you are telling us  
15 now is true, the derricks never come down; they just go  
16 over to the next well for servicing. Then we should let  
17 the people know that once the derricks go up, they never  
18 come down.

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20 vicing derrick is a much shorter derrick than the operating  
21 derrick.

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23           MR. HORTIG: No, because, as I said, they had to  
24 drill for these water injection wells and re-perforate.

25           GOV. ANDERSON: I'd like to see the derricks away.  
26 I just hate to see a lot of derricks going up and staying

1 there permanently. I sure don't want to be a road block on  
2 this, but I think we ought to try to work out some way to  
3 keep our beauty -- because we are going to have a lot more  
4 wells in a few years.

5 MR. CRANSTON: What could be done about it?

6 MR. HORTIG: Everything that could be done, I think,  
7 practically at the moment is being done. In all instances  
8 where a drilling program has been completed -- the platforms  
9 immediately to the north of Santa Barbara is a typical  
10 example -- the drilling derricks have been removed and the  
11 service derrick has been erected only at such time as has  
12 been necessary to perform required maintenance work; and,  
13 of course, the operators prefer to do an excellent job every  
14 time there is a reconditioning of a well, so there will be  
15 maximum operating time during which they do not need the  
16 derrick.

17 Again, this is dependent upon how many wells there  
18 are in a location and the frequency of possibility of trouble  
19 in a particular well; and when a well has to be worked on,  
20 there is no other methodology or technology today other than  
21 using the derrick.

22 MR. CRANSTON: What are the heights of the operat-  
23 ing derrick as compared with the servicing derrick?

24 MR. HORTIG: Ninety feet as against one hundred  
25 thirty-two or one thirty-seven.

26 MR. CRANSTON: Is the maintenance derrick, when you

1 reach that stage, up all the time?

2 MR. HORTIG: No, sir. They are portable and laid  
3 down flat when they are not in use.

4 GOV. ANDERSON: This one has never been taken down.

5 MR. HORTIG: It has been replaced at different  
6 periods of time and we can go back and give you a log report  
7 on it. It has been replaced at times by a maintenance  
8 derrick.

9 MR. CRANSTON: Is it possible to put the drilling  
10 derrick down when it is not being used for drilling?

11 MR. HORTIG: It is extremely difficult. It is of  
12 such a size and such a design that it was not intended to be  
13 laid down. They just aren't designed this way -- they  
14 haven't been.

15 GOV. ANDERSON: Did you say this one had been re-  
16 placed by a shorter one in this interval?

17 MR. HORTIG: Yes, sir.

18 GOV. ANDERSON: Why did they put this one back?

19 MR. HORTIG: For the additional drilling of the  
20 water injection wells and the exploratory wells that were  
21 drilled that resulted in further requests for deferment be-  
22 cause the exploratory wells did not indicate any economic  
23 location for any new producing well.

24 GOV. ANDERSON: I am trying to think back to 1960  
25 when we deferred this for the first time. Were we given any  
26 indication this was going to drag out for six years?

1 MR. HORTIG: No, sir.

2 GOV. ANDERSON: It seems to me these were for six  
3 months or for a year and I just wondered if we were given any  
4 indication...

5 MR. HORTIG: Since 1960, Governor, the Commission  
6 has not granted a deferment for more than six months --  
7 because of your motion and suggestion, it was felt desirable  
8 that there be a review of the necessity for periods any  
9 longer than six months in length.

10 GOV. ANDERSON: It seems to me we ought to be told  
11 it is going to last five years, or at least warned it may be  
12 up there. That's why I am asking the question now. You say  
13 this is in the last stages, but I am wondering if it is going  
14 to last six months or four years.

15 MR. HORTIG: Reasonably within the last year.

16 GOV. ANDERSON: In other words, this would be the  
17 last deferment on it?

18 MR. HORTIG: Certainly there could be no staff  
19 recommendation on adverse findings in this water-flood opera-  
20 tion, but rather a request for a quitclaim of the undeveloped  
21 area -- which would eliminate the need for further request  
22 for deferment of drilling operations.

23 MR. CRANSTON: I certainly concur with your concern.

24 GOV. ANDERSON: I'll move it.

25 MR. SHEEHAN: Second.

26 MR. CRANSTON: Moved and seconded, approved

1 unanimously.

2 Classification 5 -- City of Long Beach (Pursuant  
3 to Chapter 29/56, 1st E.S. and Chapter 138/64, 1st E.S.)

4 (a) Pier E, Berths 118 and 119; additional fill.  
5 Upland subsidence, Termo Lease -- Subsidence cost determina-  
6 tion as result of final audit, with credit due State of  
7 \$432.99 for AFE 331; credit due City of \$2.25 for WO-55;  
8 and authorization for appropriate written instruments.

9 (b) Replacement of 12-inch water line in Windham  
10 Avenue and Harbor Scenic Drive -- Estimated sub-project  
11 expenditure November 18, 1965 to termination of \$15,000,  
12 with \$13,200 (88%) estimated as subsidence costs.

13 (c) Determine that proposed expenditure of  
14 approximately \$486,000 for raising and repairing Naples area  
15 bulkheads is in accordance with Chapter 138/64, 1st E.S.

16 (d) Determine that proposed expenditure of approxi-  
17 mately \$60,000 for construction of Girl Scout Marine Landing  
18 adjacent to Long Beach Marina is in accordance with Chapter  
19 138/64, 1st E.S.

20 GOV. ANDERSON: I'll move it.

21 MR. SHEEHAN: Second. Is that Girl Scouts or Sea  
22 Scouts?

23 MR. HORTIG: That's Girl Scouts. The Sea Scouts'  
24 landing has been previously approved.

25 MR. CRANSTON: Moved and seconded and approved  
26 unanimously.

1 Classification 6 -- Land Sales. (Cleared with all  
2 State agencies having a land-acquisition program):

3 (a) Authorize the sale to Nicholas Fisher and to  
4 Joseph Bodo of 160 acres each of school lands in San Ber-  
5 nardino County at \$3,281.60 for each 160 acres; appraised  
6 value, \$2,800.

7 (b) Authorize the sale to Harwood Investment Com-  
8 pany of 80 acres school lands in Mendocino County at \$60,080  
9 appraised value, \$57,720.

10 MR. SHEEHAN: Move approval.

11 GOV. ANDERSON: Second.

12 MR. CRANSTON: Moved, seconded, approved  
13 unanimously.

14 7 -- Oil and Gas Lease Offers: (a) Authorize  
15 Executive Officer to publish notice of the Commission's in-  
16 tention to consider offering leases for extraction of oil and  
17 gas from area of tide and submerged lands surrounding San  
18 Miguel, Santa Rosa, and Santa Cruz Islands, and extending  
19 seaward three nautical miles from line of ordinary low water.

20 MR. HORTIG: Mr. Chairman, the recommendation as it  
21 appears on page 36, describing the area for which the pro-  
22 posed notice of intention would be published, should be sup-  
23 plemented by an additional sentence reading:

24 "Said area shall also include tide and submerged  
25 lands owned by the State of California lying within three  
26 nautical miles of the outermost permanent harbor works

1 affixed upon or adjacent to said islands and State-owned tide  
2 and submerged lands lying within three nautical miles of the  
3 line of ordinary low water of rocks offlying said islands (in-  
4 cluding Richardson Island) and within three nautical miles of  
5 low tide elevations lying wholly or partly within three  
6 nautical miles of said islands and rocks."

7 This is the end of the addition, and the addition  
8 is made to conform the description with the intent of the  
9 most recent Supreme Court decision relative to the boundaries  
10 of State-owned tide and submerged lands.

11 GOV. ANDERSON: Where is Richardson Rock?

12 MR. HORTIG: Richardson Rock lies westerly of San  
13 Miguel Island. It appears on your plat following page 36.  
14 It is the dot....

15 GOV. ANDERSON: I see it.

16 MR. CRANSTON: Item (b) Award to sole bidder,  
17 Standard Oil Company of California, of Parcel 26A Oil and  
18 Gas Lease, 5,300 acres tide and submerged lands, Ventura  
19 County, for cash bonus payment of \$1,714,633.

20 Motion is in order, taking into account Frank  
21 Hortig's addition.

22 GOV. ANDERSON: I'll move.

23 MR. SHEEHAN: Second.

24 MR. CRANSTON: Moved, seconded, approved unani-  
25 mously.

26 8 - Administration -- (a) Authorize Executive

1 Officer to execute and amend interagency agreement with  
2 Department of General Services, Office of Architecture and  
3 Construction, providing for delineating, drafting, and engi-  
4 neering services to State Lands Division for 1965-66 fiscal  
5 year, payment to be the actual costs not to exceed \$8,000.

6 MR. SHEEHAN: So move.

7 GOV. ANDERSON: Second.

8 MR. CRANSTON: Moved, seconded, so ordered.

9 -- Confirmation of transactions consummated by  
10 Executive Officer pursuant to authority confirmed by the  
11 Commission at its meeting on October 5, 1959.

12 GOV. ANDERSON: So move.

13 MR. SHEEHAN: Second.

14 MR. CRANSTON: Confirmation moved, seconded and  
15 approved unanimously.

16 10 -- Informative only, no Commission action re-  
17 quired: (a) Report on status of major litigation.

18 Frank, do you have anything?

19 MR. HORTIG: Nothing specific beyond the written  
20 report to the Commission, Mr. Chairman -- unless the repre-  
21 sentative of the Attorney General's Office would desire to  
22 amplify, and he has just indicated he would not.

23 MR. CRANSTON: Supplemental items:

24 12 -- Approval of Fourth, Fifth, Sixth, and Seventh  
25 Modifications of the 1965 Plan of Development and Operations  
26 and Budget, Long Beach Unit, Wilmington Oil Field, Los

1 Angeles County.

2 GOV. ANDERSON: I had one question on that. Now,  
3 the Seventh Modification of the '65 Plan of Development on  
4 your page 42 -- Frank, would you explain that a little bit?

5 MR. HORTIG: Although the reference is to the  
6 desirability for this modification in order to afford maximum  
7 timing or maximum time within which a foreign bidder can  
8 decide on bidding and with foreknowledge as to a delivery  
9 date which he is going to have to meet, actually this is an  
10 advantage to all bidders; but, patently, it is a necessity for  
11 a foreign bidder -- to arrange for a longer period of time  
12 for delivery from distant ports where the material may be  
13 manufactured and shipped, in order to be certain that it gets  
14 to Long Beach, California, where the materials would be used,  
15 and that it gets there within the contract time which the  
16 bidder must guarantee will be the case.

17 Probably the best example and the need for this is  
18 that the steel on which bids were received for the wells to  
19 be drilled in the first quarter of 1966 required, in all of  
20 the low bids, a statement that delivery could not be made  
21 prior to sixty days after award of the order. As it turns  
22 out, with the early approvals by the Commission and action  
23 by the City and the THUMS Company in securing the bids, this  
24 is sixty days after today.

25 After the approval of the modifications proposed  
26 here for the budget and the operating plans, orders placed

1 during this week will permit deliveries early in 1966, at the  
2 time required by the THUMS Company and even by the foreign  
3 bidders who have a delivery problem to meet. In the Seventh  
4 Modification, it is proposed that we have this authorization  
5 for commitment of this money in connection with the bids  
6 that will be called for the second quarter; and by doing  
7 that and placing the orders as early as prior to the end of  
8 this year, this will mean that all the bidders will know that  
9 they have at least ninety days within which to arrange for  
10 their deliveries and it is hoped that this additional period  
11 of time for all bidders, domestic and foreign as well, this  
12 advantage for planning and delivering on schedule, will re-  
13 sult in lower bids for the second increment of steel -- even  
14 lower than the first increment.

15 GOV. ANDERSON: Do I understand this modification  
16 applies only to the second quarter?

17 MR. HORTIG: This is correct.

18 GOV. ANDERSON: In other words, it does not apply  
19 to the ones presently ordered?

20 MR. HORTIG: Well, both, actually. It is ....

21 GOV. ANDERSON: What are we doing? What is the  
22 modification?

23 MR. HORTIG: All you are doing is authorizing the  
24 THUMS Company to commit funds that are already authorized in  
25 the 1966 budget and that will be paid in the 1966 budget,  
26 but to commit them on the basis of orders to be placed now

1 for deliveries in 1966. As the 1966 budget is approved, it  
2 contemplated the expenditure of the money in 1966 and it  
3 still will be so done.

4 GOV. ANDERSON: Are these commitments for contracts  
5 that have not as yet been let?

6 MR. HORTIG: Yes.

7 GOV. ANDERSON: How do they know how much they  
8 will be? They had bids?

9 MR. HORTIG: For the first quarter, the bids  
10 are in.

11 GOV. ANDERSON: I understand the first quarter. I  
12 am a little bit confused how you commit for something...

13 MR. HORTIG: The second will be authorized...

14 GOV. ANDERSON: ... without knowing what the price  
15 is.

16 MR. HORTIG: .. to the low bidders for the second  
17 quarter, which bids are still to be received; but rather  
18 than come back twice - -

19 GOV. ANDERSON: How about a foreign supplier? How  
20 do they know they are going to be the successful bidder or  
21 not the successful bidder?

22 MR. HORTIG: With this authorization to the THUMS  
23 Company to commit 1966 funds in 1965, they can immediately  
24 go forward and call for bids for the second quarter.

25 GOV. ANDERSON: In other words, the bidding struc-  
26 ture will be moved ahead?

1 MR. HORTIG: This is correct.

2 GOV. ANDERSON: That will be the major modification?

3 MR. HORTIG: And thereby will be moved ahead suf-  
4 ficiently so that contract awards can be made.

5 GOV. ANDERSON: How far ahead will the bidding be  
6 made?

7 MR. HORTIG: It would be desirable, and the sched-  
8 ule contemplated is, that the bids will be invited immedi-  
9 ately and, therefore, contracts could be awarded before the  
10 end of this year.

11 GOV. ANDERSON: In other words, bids now and award  
12 thi year for the second quarter next year.

13 MR. HORTIG: Therefore, the successful bidders who  
14 receive the contracts would know they had ninety days until  
15 April first for the earliest deliveries in the second quarter  
16 of next year, to arrange for their transportation, to be sure  
17 they get the materials delivered to Long Beach, California.

18 GOV. ANDERSON: How much time do they have on the  
19 present ones for the first quarter?

20 MR. HORTIG: Sixty days.

21 GOV. ANDERSON: Sixty days?

22 MR. HORTIG: And it is felt that extending the  
23 opportunity to ninety days hopefully will be reflected in  
24 even lower bids for the second quarter supply of steel.

25 GOV. ANDERSON: So this would give them at least  
26 ninety days or longer if you move your bidding ahead. What

1 about the next quarters?

2 MR. HORTIG: These are still under consideration --  
3 whether to call for the bids on that in two more quarters or  
4 whether to call for it on the remainder of the year for the  
5 six-month period in order to get the economic advantage of  
6 a larger order.

7 Between the first and second quarters, we get the  
8 advantage of a comparison on the maximum time for deliveries  
9 and with the second and third a comparison on the larger  
10 amount of steel. There is no recommendation before the Com-  
11 mission for the third or fourth quarter.

12 GOV. ANDERSON: I move.

13 MR. SHEEHAN: Second.

14 MR. CRANSTON: Moved, seconded, approved  
15 unanimously.

16 13 -- Proposal of the City of Long Beach to expend  
17 tideland oil revenues for improvement of the Alamitos Bay  
18 Recreational Facilities.

19 GOV. ANDERSON: Frank, this pertains to a Leeway  
20 Sailing Club?

21 MR. HORTIG: It did pertain to ...

22 GOV. ANDERSON: Is this something new now?

23 MR. HORTIG: Yes, sir.

24 GOV. ANDERSON: Good; because I was going to ask  
25 about the Leeway Sailing Club and its membership.

26 MR. HORTIG: The status is that, as reported on

1 page 44 of your agenda, on November 16th the State Lands  
2 Commission received another letter from the City, stating  
3 that the proposed facilities to be constructed with tidelands  
4 funds will be used for a number of recreational purposes and  
5 not just for the Leeway Sailing Club. It was pointed out  
6 that other sailing clubs, whose membership also is open to  
7 the public, will use the facilities.

8           Additionally, substantial areas will be improved  
9 for other recreational uses, including public swimming and  
10 swimming instruction. The City consequently requested that  
11 the title of their proposal be changed to "Alamitos Bay  
12 Recreational Facilities." The City additionally stated that  
13 the Leeway Sailing Club will continue to use facilities at  
14 the present site of the Alamitos Bay Yacht Club.

15           The aforesaid changes to the original proposal  
16 and the reaffirmation of the lease obligations of the  
17 Alamitos Bay Yacht Club will eliminate the questions raised  
18 by the Executive Officer's letter to the City Attorney of  
19 October 27, 1965.

20           Therefore, on staff review and review by the Office  
21 of the Attorney General, with these modifications it is recom-  
22 mended that the Commission not object and determine that the  
23 proposal is within the scope of Chapter 138, Statutes of 1964.

24           GOV. ANDERSON: In effect, we are primarily talking  
25 about the Leeway Sailing Club.

26           MR. HORTIG: No, sir.

1           GOV. ANDERSON: Aren't they going to be the ones  
2 that are using it?

3           MR. HORTIG: No, sir; any other public club. The  
4 representatives of the City of Long Beach are here for  
5 amplification.

6           . As well as the addition of the commitment by the  
7 City to develop the other recreational uses, including the  
8 public beach, in lieu of the original concept that these  
9 facilities would be used only by the Leeway Sailing Club --  
10 the Leeway Sailing Club, we have been reassured, will, as it  
11 was originally contemplated, use the facilities of the  
12 Alamitos Bay Yacht Club.

13           MR. LINGLE: Leeway is a youth thing the City  
14 sponsors. The City Recreation Department sponsors it for  
15 any child, anybody.

16           GOV. ANDERSON: Anybody can join the Leeway Sailing  
17 Club?

18           MR. LINGLE: Yes, sir; that's right.

19           GOV. ANDERSON: What does it cost?

20           MR. LINGLE: It doesn't cost anything.

21           GOV. ANDERSON: Do they have to bring their own  
22 boats?

23           MR. LINGLE: Yes. I have two daughters -- I'll  
24 give you an instance. We have eight-foot Sabots. They are  
25 in the garage. We go along every winter and have safety  
26 instruction. Anyone can join.

1 GOV. ANDERSON: These are the kind of boats...?

2 MR. LINGLE: Oh, yes - Sabots. That's what kids  
3 own. There are no adults in the Leeway Sailing Club.

4 GOV. ANDERSON: I am a little concerned that we  
5 are not putting out money ...

6 MR. LINGLE: The Red Cross uses this facility for  
7 life-saving instruction. The Optimist Club also uses it.  
8 They sponsor another youth project. They help the kids  
9 build their boats.

10 GOV. ANDERSON: Thank you. I'll move it.

11 MR. SHEEHAN: Second.

12 MR. CRANSTON: Moved, seconded, approved unani-  
13 mously.

14 -- Proposal of the City of Long Beach to expend  
15 tideland oil revenues for the construction of Belmont Pier.

16 MR. HORTIG: This, again, Mr. Chairmn, is a pro-  
17 posal which, in view of the fact that it contemplates an  
18 expenditure by the City of capital revenues from their share  
19 of tideland revenues in excess of \$50,000, requires under  
20 Chapter 138 a review by the State Lands Commission and a  
21 determination that the proposed expenditure is within the  
22 provisions of Chapter 138, Statutes of 1964.

23 This review has been made jointly with the Office  
24 of the Attorney General to determine legal compliance, and  
25 on the finding that this is the case it is the staff recom-  
26 mendation that the proposed expenditures be approved.

1 GOV. ANDERSON: So move.

2 MR. SHEEHAN: Second.

3 MR. CRANSTON: Moved, seconded, so ordered.

4 15 -- Approval of boundary agreement between State  
5 of California and Robert H. and Melinda E. Chesney along the  
6 low water mark on the right bank of the Colorado River, San  
7 Bernardino County.

8 GOV. ANDERSON: Frank, why does this come before  
9 us? Is this outside the jurisdiction of the Colorado River  
10 Boundary Commission?

11 MR. HORTIG: The Colorado Boundary Commission has  
12 no jurisdiction whatsoever with respect to land titles. The  
13 functions assigned to the Boundary Commission are exclusively  
14 the establishment of a boundary dividing the jurisdiction of  
15 the State of California and the State of Arizona; and the  
16 private land titles, as against State land titles, in the  
17 Colorado River and the location of the boundary lines between  
18 State-owned lands and privately-owned lands is exclusively  
19 under the jurisdiction of the State Lands Commission of the  
20 State of California.

21 GOV. ANDERSON: Are we talking about property that  
22 is in the area that your Boundary Commission is working on?

23 MR. HORTIG: This is an area that definitely is,  
24 has been, and will continue to be under California jurisdic-  
25 tion even after completion of the work of the Colorado  
26 Boundary Commission.

1           GOV. ANDERSON: In other words, we are talking  
2 about something that, regardless of what happens in regard  
3 to the present conflict on the boundary, this title would not  
4 be affected under any circumstances?

5           MR. HORTIG: That's right.

6           GOV. ANDERSON: I didn't want to see us getting  
7 into something. I have been getting quite a few communica-  
8 tions from people on both sides of the river, asking where  
9 they are today.

10           MR. HORTIG: We have something on the order of  
11 forty other parcel areas on some of which quiet title has been  
12 filed and some of which applications have been filed with the  
13 State Lands Commission; and we have indicated the necessity  
14 of holding it in abeyance until the determination of the  
15 Boundary Commission.

16           However, on this land, in this instance, with the  
17 concurrence of the Attorney General, it is in the clear.

18           GOV. ANDERSON: With your assurance that this will  
19 not be involved in any future problems - - I hope any time  
20 anything comes up with any problem you would not bring it  
21 before us.

22           MR. HORTIG: With my hat on as the Executive  
23 Officer of the State Lands Commission, I would hope not to  
24 bring in anything that had any problems.

25           GOV. ANDERSON: Move.

26           MR. SHEEHAN: Second.

1 MR. CRANSTON: Moved and seconded, approved  
2 unaniously.

3 16 --Proposed oil and gas lease, 5,640 acres -  
4 Parcel 30, Ventura County.

5 MR. HORTIG: Mr. Chairman, this is another recom-  
6 mendation for another parcel to be offered in the sequential  
7 lease program which was adopted by the Lands Commission on  
8 your motion in 1960, and it is suggested -- again to conform  
9 the proposed description as it appears on page 56 with the  
10 compatible interpretation of the decision of the Supreme  
11 Court -- that there be added in the lower third of the recom-  
12 mendation reading:

13 "From the nearest point on the line of ordinary  
14 low water of the Santa Barbara Channel or at a distance of  
15 three geographical miles from the ..."  
16 at that point we will add "the presently existing" -- so it  
17 will be "presently existing outermost permanent harbor works."

18 Because this is the language of the Court, there  
19 can be no misunderstanding as to the precise area which is  
20 the subject of this recommendation.

21 GOV. ANDERSON: I move it.

22 MR. SHEEHAN: Second.

23 MR. CRANSTON: Moved, seconded, approved unani-  
24 mously.

25 17 -- Application by Sequoia Refining Corporation  
26 to lease two contiguous parcels of tide and submerged lands

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in San Pablo Bay, Contra Costa County.

GOV. ANDERSON: I move it.

MR. SHEEHAN: Second.

MR. CRANSTON: Moved, seconded, and approved  
unanimously.

If there is nothing else before us, we are now  
ready for the final item, which is confirmation of date,  
time and place of the next meeting.

GOV. ANDERSON: That's December 16th at ten a.m.?

MR. CRANSTON: In Los Angeles.

GOV. ANDERSON: So move.

MR. CRANSTON: With that, we stand adjourned.

ADJOURNED 11:00 A.M.

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CERTIFICATE OF REPORTER

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I, LOUISE H. LILLICO, reporter for the Office of Administrative Procedure, hereby certify that the foregoing twenty-seven pages contain a full, true and accurate transcript of the shorthand notes taken by me in the meeting of the STATE LANDS COMMISSION held at Los Angeles, California, on November 18, 1965.

Dated: November 19, 1965, Los Angeles, California

Louise H. Lillico